

P-427, 520, 407, 426, 421, 430, 405/CP-93-160 ORDER APPROVING  
STIMULATION FACTOR AND REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
Marshall Johnson  
Cynthia A. Kitlinski  
Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition  
for Extended Area Service From  
the Big Lake Exchange to the  
Minneapolis/St. Paul  
Metropolitan Calling Area

ISSUE DATE: FEBRUARY 9, 1994

DOCKET NO. P-427, 520, 407, 426,  
421, 430, 405/CP-93-160

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**PROCEDURAL HISTORY**

On March 4, 1993, customers in the Big Lake exchange of Sherburne County Rural Telephone Company (SCRTC) filed a petition requesting EAS to the Minneapolis/St. Paul metropolitan calling area (MCA).

By letter dated March 10, 1993, the Department of Public Service (the Department) requested traffic information from SCRTC.

On March 30, 1993, SCRTC filed the requested traffic data with the Commission.

On May 11, 1993, the Commission issued its ORDER SCHEDULING THE FILING OF COST STUDIES AND PROPOSED RATES. In that Order, the Commission found that Big Lake met the adjacency and traffic criteria of Minn. Stat. § 237.161, subd. 1(a) (1992). The Commission delayed the filing of cost studies and proposed rates, however, pending resolution of disputed cost study issues in the Zimmerman EAS docket, Docket No. P-427, 421/CP-85-652.

On September 21, 1993, the Commission issued its ORDER ADOPTING RATES FOR POLLING in the Zimmerman EAS docket, resolving the cost study issues relevant to the current docket.

On October 21, 1993, SCRTC filed a request for an extension of time for filing its cost study and proposed rates in this matter. The Company also requested that the Commission direct the interexchange carriers (IXCs) carrying traffic between Big Lake and the metropolitan calling area (MCA) to file two-way traffic data that SCRTC needed to prepare its cost studies.

On October 21, 1993, GTE Minnesota (GTE) filed a request for an extension of 45 days from the date the IXCs' traffic data is

filed to submit its cost studies and proposed rates for this route.

On November 29, 1993, the Commission issued its ORDER GRANTING TIME EXTENSION AND REQUIRING FILING OF LOWER COST ALTERNATIVE in this proceeding. In that Order, the Commission granted Sherburne County Rural Telephone Company's (SCRTC's) request for an extension for the LECs to file their cost studies and proposed rates. Under the timelines established in that Order, the cost studies and proposed rates are due January 13, 1994; the Department's report is due February 28, 1994; and, final comments by parties are due March 21, 1994.

On January 4, 1994, the Commission met to consider this matter.

### **FINDINGS AND CONCLUSIONS**

In this Order, the Commission reviews the circumstances of the Big Lake exchange and finds that a stimulation factor of 4 is appropriate for this exchange. Accordingly, the Commission will direct the telephone companies involved to use a stimulation factor of 4 in the cost studies and proposed rates that they are in the process of compiling.

In recent Orders, the Commission reviewed the results of stimulation studies compiled for the Belle Plaine, Cologne, New Prague and Waconia EAS exchanges regarding call stimulation upon the inclusion of these four exchanges into the metro calling area. In the Matter of the Petition of Certain Subscribers in the Belle Plaine Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-405, 421/CP-86-55, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of the Petition of Certain Subscribers in the New Prague Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-520, 421/CP-86-537, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of a Commission Investigation into Extended Area Service Between Cologne and the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-430, 421, 407, 405, 426/CI-90-441, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994); In the Matter of the Petition of Certain Subscribers in the Waconia Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, Docket No. P-430, 421/CP-86-5, ORDER APPROVING STIMULATION FACTOR FOR SETTLE UP FILING (January 27, 1994).

In those Orders, the Commission reviewed stimulation studies prepared specifically for those four exchanges by all the relevant telephone companies. The Commission observed that while it initially appeared attractive to adopt stimulation factors

finely tuned to the differences between exchanges displayed in these studies, the actual reduction in rates resulting from that approach would be negligible. The Commission concluded that a stimulation factor of 4 would be reasonable in light of the circumstances in each of the four exchanges.

First, the Commission reasoned, the stimulation factor is a de minimis item in the context of calculating EAS rates. Second, for small telephone companies involved in a proposed EAS route, there is a threshold minimum expansion cost to accommodate the EAS that would likely not decrease even if the system only needed to meet traffic stimulated by a factor of 2. Finally, the Commission noted that increased administrative activity and the costs incurred by the telephone company in fine-tuning its stimulation factor on a case-by-case basis (costs which would have to be recovered from the customers in EAS rates) were likely to easily offset any reduction due to using a lower stimulation factor.

The Commission looks to its stimulation factor Orders in the Belle Plaine, Cologne, New Prague and Waconia EAS dockets as precedent for the current Big Lake docket. The circumstances of these exchanges are adequately similar to warrant following the decisions made in those Orders and approve use of a stimulation factor of 4 in the cost studies and proposed rates prepared in this matter. No party has attempted to show that the Big Lake exchange is so different from the previously considered exchanges in material characteristics that it requires a different stimulation factor.

#### ORDER

1. Within 30 days of the date of this Order, Vista, GTE-Minnesota, Scott Rice, USWC, Eckles and United shall file cost studies and proposed rates in this docket using a stimulation factor of 4.
2. Within 45 days of the companies' filings, the Minnesota Department of Public Service (the Department) shall file its comments on those filings.
3. Parties shall have 20 days to file final comments.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)